The Board of Directors as Leaders of the Organisation

Loizos Th. Heracleous*

The primary aim of this paper is to explore the relevance and applicability of leadership research in enhancing our understanding of boards of directors’ functioning and effectiveness. Secondly, to discuss methodological issues with respect to board research and indicate potentially fruitful methodological approaches. It is suggested that the leadership research stream focused on traits and competencies is particularly promising for future research on boards, since it has been demonstrated that there are traits that can distinguish leaders from non-leaders or effective leaders from ineffective ones; as well as that certain competencies can distinguish superior performers from average performers in particular jobs. Moreover, it is proposed that a promising way forward in terms of methodology is to focus on gathering in-depth qualitative longitudinal data of actual board behaviours based on observation, and to inform quantitative research by such in-depth data in order to enhance the operationalisation of theoretical variables, as well as identifying the critical variables in the first place.

Introduction

There is a multitude of research on ‘leadership’ and ‘boards of directors’ from a variety of theoretical perspectives. Unfortunately, however, research within each of these domains has largely proceeded independently from the other, which has denied potentially fruitful cross-fertilisation between these two domains that should ideally be closely interrelated. In this paper we consider the applicability and relevance of research on leadership to boards of directors, and discuss some methodological issues arising from the research.

The board of directors is at the apex of the organisation. Their duties include both internal and external functions, such as monitoring senior management and being involved in the strategic direction of the enterprise. While normative expectations from boards are high, their actual performance often does not meet such expectations which has prompted the development of several tools and frameworks aimed at helping boards improve their performance.

We begin by addressing briefly the legal duties of directors; then the normative expectations and the actual performance of boards are discussed, highlighting the fact that often the latter falls far short of the former.

The main streams of leadership research are then reviewed, in order to determine which ones would appear more promising for future research on boards. It is suggested that the research stream on traits is particularly promising, since it has been shown convincingly that the existence of certain traits can distinguish effective leaders from ineffective ones. The related approach of developing competencies based on behaviours is also promising, especially in developing competency profiles for effective directors.

It is noted that research on leadership and boards of directors are characterised by similar shortcomings, particularly the focus on static relationships as opposed to the longitudinal study of process. It is proposed that additional studies should be carried out from a longitudinal process perspective.
which would help in addressing such shortcomings, and in developing robust measures based on in-depth qualitative data which could then be used in quantitative studies to test relationships. This is discussed using the concept of "board vigilance" as an example.

The board as leaders: duties and tasks of the board

Recently there has been increasing pressure on boards of directors, driven by disquiet and discomfort with board processes and performance by a variety of stakeholders: institutional investors, politicians, and the public at large. Investors are willing to pay a premium for what they perceive as good corporate governance (Felton, Hudnut and van Hecke-ren 1996) and are becoming more and more active in monitoring governance issues (Useem et al. 1993). Media reports on reform of corporate governance abound (e.g. Business Week 1997, Economist 1997).

Directors’ legal duties expose them to severe penalties and necessitate an improved understanding of what these duties are and how directors’ governance competencies can be developed. Directors are often not aware of legislation and penalties applying to their post as directors. Several directors have already been disqualified in the UK on grounds of unfitness to be directors, or upon conviction of an indictable offence, under sections 6 and 2 of the Company directors Disqualification Act 1986, respectively (National Audit Office 1993).

In terms of case law, directors have a fundamental fiduciary duty to act honestly and in good faith in the interests of the company, and a duty to exercise a reasonable degree of skill and care in the company’s dealings with other parties. In addition, directors have to carry out the statutory obligations imposed by the various Companies Acts and the Insolvency Act 1986. There are some 200 possible offences under the Companies Act 1985 (Souster 1991). It is noteworthy that delegation of responsibility, or ignorance of transactions entered into by the company, are not adequate defences for a director (a point of special relevance non-executive directors), as well as the fact that the courts can decide to require directors to contribute to the assets of the company without any limitation of liability. In addition, one can be deemed as a ‘shadow director’ and be liable under this legislation even if they are not formally appointed as directors, if the company directors are used to acting under that person’s instructions (ibid.).

The normative view on the functions of boards of directors sees the board as monitoring and disciplining top management, being involved in such issues as executive succession, executive compensation and takeover defences, as well as being actively involved in strategy formation, on such issues as diversification, resource management and strategic change (Finkelstein and Hambrick 1996). UK data indicates that directors themselves take their strategic responsibilities seriously. They believe that their tasks should involve such issues as setting and influencing the mission, vision and values of the company, directing the company’s strategy and structure, delegating and monitoring the implementation of strategy to management, and fulfilling their responsibilities to shareholders and other parties (Dulewicz, MacMillan and Herbert 1995).

Descriptive studies have shown, however, that what boards actually do does not fully correspond to this normative view; boards in general are not actively involved in strategy formation but at best in its ratification, and usually try to avoid ‘rocking the boat’ (e.g. Whistler 1984, Patton and Baker 1987). Board functioning has been found wanting, particularly in the areas of director and board evaluation which is rarely if ever carried out, and director selection, where there are no systematic processes for identifying and selecting suitable candidates, but reliance on the personal networks of the chairman, CEO or other directors (O’Neal and Thomas 1996). Survey data indicates that three quarters of chairmen believe that the effectiveness of their company’s boards could be improved (Coulson-Thomas 1992), and 80% of chairmen and CEOs believe that board training should be mandatory (Witt 1993). This gap between the normative expectations from boards, and actual board functioning which often falls short of such expectations, has prompted the development of several frameworks and tools aimed at improving board performance (e.g. Donaldson 1995, Firstenberg and Malkiel 1994, Garratt 1996, Gould 1997, Salmon 1993).

Leadership perspectives and the board of directors

‘When we plunge into the organizational literature on leadership, we quickly become lost in a labyrinth: there are endless definitions, countless articles and never-ending polemics. As far as leadership studies go, it seems that more and more has been studied about less and...
less, to end up ironically with a group of researchers studying everything about nothing’ (Kets de Vries 1996).

The above statement accurately portrays many authors’ views about the current state of leadership studies. A diversity of understandings of leadership exists both within academics, many of which do not even define the term (Rost 1991), as well as within practitioners (Barker 1997). Leadership theorists and practitioners even disagree about whether nonleaders can become leaders (Rifkin 1996), and there are several other unresolved issues in the field of leadership (c.f. Yukl 1998).

Leadership definitions are characterised by a rich diversity; they can focus on behaviour, on the ability to motivate employees to put in extra effort, on the ability to act as a change agent, on processes of social influence, on creating compelling visions, or on producing favourable performance outcomes. In spite of the diversity, however, there are common elements among definitions, which often involve the concepts of influence, group, and goal. The leader is seen as influencing others to act in a certain way, this influence takes place within a group context, and the influence is exerted to achieve group goals (Bryman 1996).

The various definitions of leadership can be classified in terms of several categories or perspectives (adapted from Bass 1990). Figure 1 relates these perspectives to the board of directors.

If we consider the above perspectives on leadership, we can see that they can all illuminate various aspects of the board such as its functioning, group dynamics, or power relations. Such conceptual links between views of leadership and the board should come as no surprise, given the fundamental role of the board in the organisation. In the next section we consider the four main streams of leadership research in order to explore their applicability to the board of directors.

Research streams on leadership

This section will focus on discussing the converging results from the various streams of research on leadership, which has aimed to discover the factors that can increase leadership effectiveness. Classifications of the streams of research on leadership have been based on several schemes such as the types of variables emphasised in the study, the level of analysis focused on, or the dominant approaches in different chronological periods (Yukl 1998).

A useful review of leadership research describes four stages in theory and research on leadership (Bryman 1996): the trait approach, applied to the board, there are particular competencies and personality traits that effective directors should develop.

Leadership as personal and its effects; for example where the board is using its power to fire the CEO and in general discipline senior management.

Leadership as the art of inducing compliance; for example where the board is using its power to fire the CEO and in general discipline senior management.

Leadership as the exercise of influence; board deliberations from a group dynamics perspective are characterised by processes of social influence.

Leadership as an act of behaviour; for example the observable behaviours in the group dynamics within the board.

Leadership as a form of persuasion; for example persuasive argumentation within board deliberations.

Leadership as a power relation; for example between the board and senior management or among board roles such as the board Chair, the CEO, Executives and non-Executive directors.

Leadership as an instrument of goal achievement, where the board is expected to fulfill certain tasks.

Leadership as an emerging effect of interaction between the leader and the group; for example how the board interacts with top management or how the board Chair interacts with board members.

Leadership as a differentiated role; for example the role expectations placed on the board by virtue of its position at the apex of the organisation.

Leadership as the initiation of structure; for example how important decisions by the board can influence the organisation structure and actor relations.

Leadership as the focus of group processes; for example how the group dynamics of the board are influenced by the board chair as a leader of the board.

Figure 1. Applying leadership perspectives to the board of directors
late 1940’s; the *leadership style approach* which was the main approach until the late 1960’s; the *contingency approach*, coming to prominence from the late 1960’s to the early 1980’s; and lastly the ‘*new leadership* approach’, being the dominant approach since the early 1980’s.

The beginning of a new stage does not signal the demise of a previous one however, but rather a shift of emphasis. In the following sections we will describe briefly each research stream, as well as whether it has been useful in identifying aspects of effective leadership.

**The trait approach**

The trait approach has sought to determine the qualities which distinguish leaders from non-leaders. Personality traits are stable dispositions to behave in a particular way, and they are determined both by inherited factors, but also by learning (Bouchard et al. 1990). The traits examined in early studies can be classified into three main groups: physical traits, abilities, and personality characteristics. Hundreds of studies of traits, however, failed to find any traits that could guarantee leadership success, partly because of design flaws in the research. Such studies searched for correlations between traits and criteria of leadership success, but failed to consider any intervening processes that could account for how the interaction can take place. The correlations were also generally weak and inconsistent.

Influential reviews of the stream of trait research in 1947 and 1948 (Gibb 1947, Stogdill 1948), which questioned the accumulated usefulness of the findings of the trait approach, served to reduce interest in this approach considerably. Although less studies were subsequently carried out, they were more robustly designed in terms of methodology.

A positive, significant relationship in these influential reviews, and in a number of the research that followed them, was found to differ significantly from a sample of followers with regard to a trait; a sample of effective leaders differed from a sample of ineffective leaders on the trait; or a sample of high-status leaders differed significantly from a sample of low-status leaders on the trait (Bass 1990).

**Do traits matter?**

A 1974 review (Stogdill 1974) of 163 trait studies by the same scholar who carried out the 1948 review, was more positive. This review concluded that there are traits which can distinguish leaders from non-leaders:

- Drive to exercise initiative in social situations,
- Someness and originality in problem solving,
- Vigor and persistence in pursuit of goals,
- Venturousness and originality in problem solving,
- Drive to exercise initiative in social situations,
- Competence in subordinates,
- Personal stress, willingness to accept frustration and delay, ability to influence other persons’ behavior, and capacity to structure social interaction systems to the purpose at hand.

‘The leader is characterized by a strong drive for responsibility and task completion, vigor and persistence in pursuit of goals, venturesomeness and originality in problem solving, drive to exercise initiative social situations, self-confidence and sense of personal identity, willingness to accept consequences of decision and action, readiness to absorb interpersonal stress, willingness to accept frustration and delay, ability to influence other persons’ behavior, and capacity to structure social interaction systems to the purpose at hand’. This assessment still held strong in the most recent edition of the handbook of leadership (Bass 1990).

Recently there has been newfound interest in the trait approach, with some useful findings. A useful practitioner-oriented review of trait research (Kirkpatrick and Locke 1991) states that ‘recent research, using a variety of methods, has made it clear that successful leaders are not like other people. The evidence indicates that there are certain core traits which significantly contribute to business leaders’ success. Traits alone, however, are not sufficient for successful business leadership—they are only a precondition. Leaders who possess the requisite traits must take certain actions to be successful (e.g. formulating a vision, role modeling, setting goals). Possessing the appropriate traits only makes it more likely that such actions will be taken and be successful.’ Traits that were found to differentiate leaders from non-leaders, include drive, leadership motivation, honesty and integrity, self-confidence, cognitive ability, and knowledge of the business (ibid.).

Within the general domain of the trait approach also fall McClelland’s (1965, 1985) research on managerial motivation using Thematic Apperception Tests, Miner’s (1978, 1986, Berman and Miner 1985) research on managerial motivation using questionnaires, and Boyatzis’ (1982) critical incident research on competencies. Boyatzis’ (1982) research, for example, utilised the ‘behavioural event interview’ to discover which competencies differentiated effective from ineffective managers. Incidents from the behaviour event interviews were coded into competency categories based on the manager’s behaviour, intentions and the situation. Effective managers were found to have a strong efficiency orientation, a strong socialised power orientation, high self-confidence, a strong belief in self-efficacy, had an internal locus of control, exhibited good interpersonal skills, and had strong conceptual skills. Methodologies for building competency models for multiple jobs have been described (e.g. Mansfield 1996).
and ‘high performance managerial competencies’ have been identified (Cockeril, Hunt and Schroder 1995).

Therefore, the evidence shows convincingly that traits do matter; they can distinguish leaders from non-leaders, or effective from ineffective leaders, and the existence of these traits makes it more likely that appropriate actions will be taken by the leader. The related competency approach was also shown to be a useful way to identify behaviours that can distinguish high performers from average performers in a variety of roles.

The leadership style approach

After the late 1940’s, the emphasis in leadership research has shifted to the leadership styles, or behaviours of leaders. Exemplifying this stream of research are the Ohio State University leadership studies, which consisted of administering behaviour description questionnaires to leaders’ subordinates to determine leadership styles based on the two dimensions of consideration and initiating structure. Consideration denotes the degree to which a leader acts in a friendly and supportive manner, and shows concern for subordinates and their welfare. Initiating structure denotes the degree to which a leader defines and structures his or her own role and the roles of subordinates toward attainment of the group’s formal goals. Leaders’ measures on these two dimensions were then related to outcomes such as morale, job satisfaction and performance of subordinates.

At around the same time, studies at the University of Michigan identified three types of leadership behaviour that differentiated between effective and ineffective leaders: task-oriented behaviour, such as planning and scheduling the work, co-ordinating subordinate activities, or setting high but realistic performance goals; relations-oriented behaviour, such as being considerate, supportive and helpful to subordinates; and lastly, participative leadership, such as using group meetings where the leader guides the discussion in a constructive manner and orients it towards problem-solving.

Does leadership style matter?

The results of the Ohio tradition have been weak and inconsistent for most criteria of leadership effectiveness (Bass 1990, Yukl 1998). In some cases, for example, subordinates were more satisfied and performed better with a structuring leader, while in other cases the opposite relationship was found or no significant relationship was found at all. The studies were also inconsistent with regard to correlations between consideration and performance criteria. One generally consistent finding, however, was the positive relationship between consideration and subordinate satisfaction (but not performance).

There were certain methodological problems with the Ohio tradition. Early studies did not consider any situational variables, which would have been useful, since particular leadership styles would be more appropriate in specific situations. Moreover, in general it was not possible to determine the direction of causality between the correlated variables; informal leadership processes were not studied; the aggregation of subordinate responses led to the neglect of intra-group differences; and lastly, there were significant measurement problems, in that responses were influenced by the ‘implicit leadership theories’ that respondents held (their ratings of imaginary leaders were very similar to the ratings for real leaders) (Yukl 1998).

Later researchers developed the idea of the ‘high-high’ leader, who has a concern for both people and production (Blake and Mouton 1964), and proposed that effective leaders have a high concern for both. Again, the results of questionnaire research on these models have been inconclusive; where correlations have been found, they have been weak. The reason that questionnaire research failed to validate leadership style models, could be that it generally did not pay attention to the situation in which the styles were used, and the idea that different leadership styles could be more appropriate in different situations. On the other hand, however, descriptive research from critical incidents supports the intuitive position that effective leaders must have a concern for both the task and people. Recent theories incorporate the organisational context in an understanding of appropriate leadership behaviour (e.g. Yukl 1997).

Thus, while we know that leadership style does matter, as confirmed by qualitative studies, the quantitative results are inconclusive because of methodological and conceptual flaws in this approach. In this regard, given the available scientific evidence, leadership style cannot be used to predict effective leadership performance. Contingency theories developed subsequently, attempted to address these conceptual and methodological concerns.

The contingency approach

Contingency approaches seek to discover situational variables which moderate the
effectiveness of leadership styles, and they question universalistic theories of leadership (e.g. that a certain leadership style would be effective in all situations). Contextual characteristics studied include the nature of work performed, the nature of the external environment, and follower characteristics. Another line of research treats managerial behaviour as a dependent variable, and explores how this behaviour is influenced by aspects of the situation. There are several contingency theories of leadership, such as the path-goal theory, situational leadership theory, leadership substitutes theory, multiple linkage model, LPC contingency theory, cognitive resources theory, and normative decision theory. Most research on contingency theories led to inconsistent results and problems in measuring key variables. This led to some disillusionment with contingency theories by the early 1980’s.

According to Fiedler (1993), “it is meaningless to talk about leadership outside the situational context. Without a group task or a shared objective there can be no group, and without a group there can be no leader”. Beyond that, however, there is considerable disagreement about what aspects of the situation matter most. The methodological limitations of modelling and quantifying complex situations have meant that contingency theorists have focused on limited aspects of the situation, and of leaders’ behaviour.

Does the situation matter?

Yukl (1998) notes that the results of research designed to test contingency theories were generally inconclusive for most theories, although weak support was obtained for some. It is concluded that: ‘Unfortunately, most of the contingency theories are stated so ambiguously that it is difficult to derive specific, testable propositions. Most of the research provides only a partial test of theories. In general, the research suffers from lack of accurate measures and reliance on weak research designs that do not permit strong inferences about direction of causality . . .’.

For example, reviews of research for path-goal theory (Wofford and Liska 1993, Podsakoff et al. 1995) indicated that the results were inconclusive. Similarly, reviews of research for situational leadership theory (Blank, Weitzel and Green 1990, Fernandez and Vechio 1997) found little support for it. Some aspects of leadership substitutes theory were supported and some not supported (Podsakoff et al. 1995). The multiple linkage model is still very new and little evidence exists to evaluate its validity. The LPC contingency model tends to be supported by empirical research (Strube and Garcia 1981, Peters, Hartke and Pohlmann 1985) but not strongly. Cognitive resources theory also receives some support (Fiedler 1992, Vechio 1990). Normative decision theory tends to receive moderately strong support but deals only with limited aspects of leadership and also suffers from conceptual deficiencies (Yukl 1998).

Thus, the situation undoubtedly matters; but the theories developed to account for the interaction between leaders and situation have in general failed to receive strong empirical support, due to methodological limitations in the research and/or conceptual deficiencies in the theories. Moreover, the complexity of such theories has meant that they offer limited guidance for managers beyond common-sense propositions.

The transformational and charismatic leadership approach

New understandings of leadership emerged in the early 1980’s, such as transformational leadership (Bass 1995, Bass and Avolio 1993, Kuhnert and Lewis 1987) or charismatic leadership (Avolio and Yammarino 1990, Bryman 1993, and Klein and House 1995), which are currently receiving considerable attention from leadership theorists. In these approaches leaders are seen as managers of meaning, who define organisational reality by articulating compelling visions, missions and values. In terms of methodology qualitative case studies are widely used, usually to study very senior leaders.

Charismatic leaders, for example, are described as being change-oriented, possessing a compelling vision which they can communicate persuasively to others and mobilise their commitment to realise the vision (Conger and Kanungo 1987). Behaviours associated with transformational leadership include giving a high degree of attention and support to individual followers, offering followers intellectual stimulation and engendering a high degree of respect from them (Bycio, Allen and Hackett 1995). Leaders can be taught how to exhibit more transformational behaviours (Barling, Weber and Kelloway 1996).

Bass and Avolio (1993) noted that transformational and transactional leadership go beyond the traditional dimensions of initiation of structure and consideration; transformational leaders can be directive or participative, democratic or authoritarian, or elitist or leveling. Moreover, transformational leadership does not necessarily equal effective
leadership, nor does transactional leadership necessarily equal ineffective leadership. The most effective leaders are both transformational and transactional while the worst leaders are neither, avoiding the display of leadership.

Do charismatic and transformational leadership matter?
Several studies have indicated that charismatic and transformational leadership can have significant effects on performance. It was found, for example, that subordinates’ perceptions of the existence of transformational leadership add to the prediction of their satisfaction and effectiveness ratings. Moreover, the ratings for transformational leadership obtained from subordinates significantly differentiated top performing managers from ordinary managers (Hater and Bass 1988).

Leaders’ actions such as developing and sharing a vision for the organisation, modeling the vision, encouraging innovativeness, supporting employee efforts and allowing employees’ input into decisions concerning their jobs, were strongly related to outcomes such as higher employee commitment and job satisfaction, and lower role ambiguity (Niehoff, Enz and Grover 1990). Leaders’ vision was strongly correlated to participants’ attitudes; it led to higher congruence between leaders’ and participants’ beliefs and values, participants’ trust in the leader, the extent to which participants were intellectually stimulated and inspired by the leader, and the extent to which the participants saw the leader as charismatic (Kirkpatrick and Locke 1996). Transformational leadership of school principals led to higher organisational commitment, citizenship behaviour and satisfaction of teachers (Koh, Steers and Terborg 1995), while high-performing sales managers exhibited more transformational and transactional leadership than low performing sales managers; their subordinates also exhibited less role stress, and greater satisfaction and loyalty (Russ, McNeilly and Comer 1996).

Discussion and implications
Streams of leadership research and the board of directors
From the above discussion of converging findings in streams of research on leadership, it was shown that traits and competencies matter, as they can distinguish effective leaders from ineffective ones. Leadership style and the situation do matter, but the research has been plagued by methodological and conceptual problems so that the results were inconclusive for most dimensions of the theories tested. Lastly, charismatic and transformational leadership behaviours were clarified, and research is cited which suggests that they can have a significant positive impact on organisations.

If we consider the streams of leadership research, the stream on traits appears particularly promising. Since there are traits that can accurately distinguish leaders from non-leaders or effective from ineffective leaders, and competencies which can distinguish effective from ineffective performers in a variety of roles, then we can work towards identifying traits and competencies characterising effective directors. Dulewicz et al.’s (1995) research has identified several competencies required by directors, based on directors’ views on what they should be doing. An important step forward would be to develop criteria for effective directors, based on complementary data such as actual behaviours within the board. The next step would be to focus on discovering the competencies that can distinguish effective from ineffective directors and constructing developmental programmes to instill these competencies.

The streams of leadership style, situation, and transformational and charismatic leadership are more relevant to the executive directors as leaders who interact with other members of the organisation, but are of limited applicability to the board as a working group. If there is a need for transformational leadership in the organisation, then this is relevant to the executive directors including the CEO as executives of the organisation, but not as members of the board. If there is a need to transform radically the way the board operates, then the transformational leadership perspective can be relevant to the board Chair for the limited period of achieving the transformation; and the leadership style approach is of relevance to the chairman’s role, in terms of his leadership of the board. The basic issue with directors as members of a group is that they have to develop a sustainable productive style of interaction, and relevant competencies, no matter what the contingencies faced by the organisation.

Methodological issues on board research
Research on both the domains of Leadership and boards of directors has mostly been carried out within the positivist tradition. With regard to board research, for example, board attributes and their interrelations with
certain outcomes have been emphasised at the expense of the longitudinal study of processes and group dynamics, which have not received adequate attention. Several potential relationships have not been tested, and mixed results were obtained with many of the relationships tested, so that there is no solid conclusion on several issues relevant to boards. The assumptions underlying research on directors have often been questionable, for example imputing board vigilance by such indicators as outside director representation or CEO non-duality or level of director compensation. Often there is also theoretical ambiguity, with contrary hypotheses being suggested for testing a theory, for example on the relationship between environmental uncertainty and board involvement in strategic decision making. Interaction among several potentially influencing factors and multiple directions of causality have not been taken into account in most of the existing research on directors.

Developing criteria of effectiveness based on actual behaviours and group dynamics within the board goes at the heart of what we see as an important issue in existing research. If quantitative designs are not based on adequate qualitative in-depth data, this can lead to potentially vital factors being ignored in the research, untenable assumptions on how an attribute is to be measured, and in the end mixed and inconsistent results. For example, measuring board vigilance by such indicators as outside director representation, CEO non-duality or level of director compensation does not get to the real issues of how directors behave, what their thinking is on certain issues and how they interact with each other. We propose that useful measures of board vigilance can be developed using qualitative data based on observation of group dynamics. Schein’s (1988) work, for example, includes diagnostic instruments for rating group effectiveness and group maturity, which can be utilised and adapted to develop measures for board vigilance. In addition to group process, the content of group argumentation would also relate to board vigilance, as well as the inputs to meetings (e.g. preparation). Therefore the concept of board vigilance could fruitfully be viewed from a systems perspective (inputs ⇒ process and content ⇒ output). Process would be the critical focus, since group effectiveness largely depends on a productive style of interaction.

The way forward

In-depth, primary data derived from observation of actual board meetings is required for developing such knowledge, which is a touchy issue with boards, given considerations of confidentiality. We believe, however, that there is no better way to develop further our understanding of what would make for an effective board. Even if standards for good practice (e.g. Institute of directors 1995) sound sensible, we cannot fully rely on them to create effective boards. Research has questioned, for example, whether it really matters whether the CEO and Chair positions are held by the same person or not (Daily and Dalton 1997). If such measures which have received substantial public support are shown to not make a difference, then board energies could be misdirected in trying to conform to them.

Primary longitudinal data is necessary in clarifying such issues as what an effective board is structured as, or what would be the most productive inputs and interaction processes. Based on such knowledge we can then construct trait and competency profiles for effective directors, and create development programmes in order to instill such competencies, and either sharpen or stimulate the development of such personality traits.

Viewing quantitative and qualitative research designs not as mutually exclusive but as synergistic and complementary (e.g. Hari Das 1983), quantitative research designs could be enhanced through the use of such in-depth qualitative data, with respect to improving the validity of their assumptions, the operationalisation of concepts, and the choice of critical variables to be tested.

References


**Book Note**

We have also received the following works for review:
